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COPY NO.

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date:	MAY	5	1951
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- NOTE: This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 - 2. Comments represent the preliminary views of the Office of Current Intelligence.

3.	Marginal	letter	indications	are	defined	as
	follows:					

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SECTION 1 (SOVIET)

USSR, Soviet Representative Suggests US-USSR Bilateral Settlement of Korean War. During an exchange of views with a US representative at the United Nations, Jacob Malik, Soviet delegate to the UN, declared on 2 May that the US definitely does not want a peaceful settlement of the Korean War, but that if a settlement were really desired, it might be done through the Paris conference. When asked if this was a proposal to add settlement of the Korean War to the agenda of the Foreign Ministers' meeting, he replied that he was making no proposal but was merely thinking that the Korean dispute, as well as other outstanding matters, could and should be settled by discussions between the US and Soviet Governments. The Soviet position on such bilateral discussions is well-known, he added, avoiding being pinned down more specifically on how to settle the Korean War. He stated twice that any settlement must contain honorable terms for all interested parties. Malik also brought up the subject of Formosa, implying that US action in this regard was the principal reason for Chinese Communist intervention in Korea. (S SD New York 1489, 5 May 51). COMMENT: Possibly cignificant in view of Malik's remarks on Soviet-US bilateral negotiations for a Korean settlement is a 30 April Moscow broadcast beamed to the Far East discussing Korean unity, in which the subject to the Russian-American Joint Commission was revived. However, there has been no sign at the Faris conference that Gromyko or any of his principal aides wished to discuss, privately or otherwise, a settlement of the Korean War. Moreover, Malik's emphasis on honorable terms for all interested parties must be taken as a reference to Chinese Communist conditions for settlement, which apparently remains unchanged. This appears to be the first time that any responsible Soviet official has intimated that the USSR could settle the Korean War without at least the direct participation of Communist China and possibly of North Korea.

Malik Notes "Demise" of UN. During the same conversation reported above, Soviet delegate to the UN Malik observed that "the UN is dead." In reply to a question as to what he was doing at the UN in that case, he said that his work (at the Security Council meeting) was not important. He would not say whether he expected soon to be the Soviet delegate to the World Peace Council, and merely remarked that the UN has so changed since 1945 that it no longer is the organization it started out to be. He also made reference to the 20 American Republics and 10 or 12 Western European nations which he said were American "Satellites" and constituted the "mechanical voting bloc." Malik remarked that Russia is well aware of American aggressive intentions against the USSR, but that any American invasion would fail as had other such attempts before it. Tsarapkin, Malik's principal assistant at the UN, later lamented that because of aggressive US policies, the Soviet Government is compelled to spend so much money on defense to the detriment of great plans for canals, transportation, reforestation, etc. (S SD New York 1489, 5 May 51). COMMENT: Stalin's Pravda interview of 16 February 1951 provided the basis for a future withdrawal of the Soviet Union from the United Nations. The steady



buildup of the World Peace Council partly represents further preparation for such a step, although the USSR has not yet committed itself to a UN withdrawal and only appears to feel that it must have this alternative available.

Rumored Movement of Soviet Division to Caucausus Area. According to a rumor circulating in Istanbul, one Soviet Army division left Odessa for Batumi on six ships, arriving at Batumi in late March 1951. Allegedly, the unit will reinforce Soviet forces in the Astrakhan and Tbilisi areas. This rumor is considered in Istanbul as an indication of possible trouble along the Iranian border during May. WASHINGTON COMMENT: Because there is strong likelihood that this report is traceable

it should not yet be ac-

between the two reports cannot be explained at present.

COMMENT: Although such a movement may have taken place, there is no evidence of hostile Soviet intentions toward Iran at this time. The Soviets are currently holding their annual troop maneuvers in the Khorassan sector of the Iranian-Soviet border in the general vicinity of Astrakhan.

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Iranian Ambassador Denies Reported Soviet Approaches. Iranian Ambassador Arasteh in conversation with a US Embassy officer in Moscow denited categorically that there had been any approach by Gromyko as reported recently.

Arasteh acknowledged that Soviet Foreign Ministry officials have frequently asked him why his government permitted

Ministry officials have frequently asked him why his government permitted the US to have air bases in Iran, but the USSR has never asked for bases. He added that since the assassination of Razmara there has been no approach to him by the Soviet Foreign Ministry. He said he had reason to believe, however, that Soviet Ambassador Sadchikov was "very active" in Tehran. When asked whether Soviet officials had ever approached him to obtain assurances of Iranian neutrality in case of war, Arasteh replied that the matter had never been taken up with him but that Razmara had been so approached and had given the assurances desired.

Ambassador Grady reported from Tehran on 30 April that a well-placed Iranian Foreign office official had characterized the report of an approach by Gromyko as entirely without foundation. While these statements concerning

Gromyko as entirely without foundation. While these statements concerning the reported Soviet approach appear to be true, Ambassador Arasteh is not always a reliable source and his statement concerning Razmara may not be accurate.

EASTERN EUROPE. ALBANIA-YUGOSLAVIA, Albanian Refugee Committee Organized in Yugoslavia. A usually reliable source in Rome who has contacts with Albanian resistance activities reports the formation in Titograd in early April 1951 of a politico-economic committee representing 6-7,000 Albanians who have escaped into Yugoslavia. The committee is under the direction of the UDB and the Communist Party Central Committee of Titograd and has the following objectives: (1) organizing into one group all Albanian refugees who desire to collaborate in the struggle against Cominformists in Albania; (2) contacting and coordinating the activities of resistance groups in

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Albania; (3) bringing into Albanian propaganda material for distribution and small arms, grenades, machine guns and explosives for stockpiling until time for their use; (4) attempting to defect important figures in Albanian Government and assisting in their escape; and (5) providing employment as well as material and medical assistance to newly arrived refugees. According to the source, the committee was organized in order to give the Yugoslavs greater control over the activities of Albanian refugees whose raids into Albania in the past have often been undisciplined and uncoordinated.

Despite Albanian frontier controls there is evidence that many Albanians are successfully escaping into Yugoslavia where an

evidence that many Albanians are successfully escaping into Yugoslavia where an Albanian minority totaling 750,000 already exists in the Kosovo-Metohija region. It has been previously reported that "provincial committees" composed of Albanians (one specifically located at Titograd) have recently been organized presumably to direct subversive activities from Yugoslavia against the Hoxha regime.

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Albanian Resistance Front Penetrated by Communists. The representative of an Albanian underground resistance group, who previously reported the existence of an organized "resistance front" in Albania, now estimates that the organization is ineffective since it has apparently been penetrated by Albanian Communist agents. The source believes that the organization has been tolerated by the Hoxha Government thus far in order that it may be used to eliminate certain resistance leaders in the mountains. According to this informant, individuals known by the government to have been in contact with these leaders have now gone underground and are attempting to smuggle their families into Yugoslavia

COMMENT: Reports of the formation of an organized Albanian resistance movement were first received in mid-April 1951. It is quite probable that

an organization attempting to coordinate the diverse resistance bands in Albania could be penetrated by Albanian security agents without difficulty.

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CZECHOSLOVAKIA. Satellite Officials Converge on Praha for 6 May Celebration. Radio Praha announced on 4 May that a Bulgarian Government delegation, headed by Politburo-member Chankov, arrived by air to attend the celebration of the sixth anniversary of the "liberation" of Czechoslovakia by the Soviet Army on 6 May. A report reaching HICOG from Berlin states that Foreign Minister Dertinger of the German Democratic Republic departed for Praha on 4 May. According to the Embassy in Praha, Ruzyne Airfield, the capital's chief airport, has been declared closed between 1 and 6 May. In the past, such closures have been associated with the mayorant of inverted to the personalities

4 May 51). <u>COMMENT</u>: In contrast to the rather meager display on the traditional holiday of 1 May, indications suggest that an all-out effort on 6 May is to be staged. This is consonant with the gradual shift in emphasis which is resulting in the subordination of Czechoslovak national celebrations to those associated with the USSR.

TOP SECRET

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HAR POLAND. Unrest Flares Again in Stettin. US Military Attache in Warsaw reports that last week dock workers in Stettin refused to load sugar for shipment to the USSR because they had no sugar for themselves. Some of the soldiers in a Polish Army unit called out to handle the strike put down their arms saying they would not shoot Poles. As a result the Polish Security Police had to be called out and several workers were arrested. It is also reported that following further investigation of the anti-Soviet riot in Stettin on 9 April 1951 (reported in O/CI Daily Digest, 19 Apr 51) several hundred additional people have been arrested. Rumor of this riot has now spread to Bydgoszcz in central Poland. (S USARMA Warsaw MA-98-51, 3 May 51). COMMENT: This is the first known instance that has been reported of outright mutiny in the postwar Polish Army. In October 1950 and February 1951 strikes by dock workers against the shipment to the USSR of foodstuffs and manufactured products were reported in Stettin. On 9 April 1951 an anti-Soviet riot of large proportions, set off by a Russian Army officer killing five Polish civilians, resulted in the arrest of some two thousand persons.

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SECTION 2 (EASTERN)	•
MCH ISRAEL-IRAQ. Some 35,000 Iraqi Jews Still Awai	it Transportation US
Foreign Office, some 35,000 Iraqi Jews still am Israel and that it will be impossible to accomp the end of May, the deadline set by Iraq. The expressed the hone that Iraq would extend the d	rding to the Israeli vait transportation to plish their transfer by Israeli spokesman deadline to 30 June.
strong in Iraq. The present Israeli-Syrian bor rouse some additional feelings in the Arab worl difficult for Israel to work out a time extensi	d and will make it move
ERITREA. Shifta Bandits Wound US Army Sergeant recent wounding of a US Army sergeant in Eritre pro-Ethiopian) bandits, US Consul Mulcahy in As complaint to the British Administrator in Asmar the British who are administering Eritrea for t energetic enough in controlling the Shifta mena robbery and other incidents involving US person Mulcahy.	a by Shifta (native mara has made formal a. Mulcahy feels that he UN have not been ce. One death, an armed
Shifta bandits with Ethiopian inspiration, have killing Italians in Eritrea. The United Nations 1950 to federate Eritrea with Ethiopia under the removed, in theory, the major cause for Shifta banditry has continued and the UK which is mere factory holding operation, has apparently not be agency. The recent increase in Shifta activity police action, does not appear to have political open and unrepressed lawlessness will, however, establishment of a stable government in Eritrea.	devoted themselves to s' decision on 2 December e crown of the Emperor activity. However, ly engaged in an unsatisteen an effective police, while it deserves more limplications. Such tend to delay the
INDIA. Communist Party of India Endeavoring to General Elections. West Bengal Provincial Organizing Committee of the note urging that every effort be made to enroll voters in the forthcoming general elections sche The note further states that people's movements where people have been excluded from the voting ing the above should be sent for publication in weekly and especially in the Daily Satyayus, and Dalmia, one of India's top industrialists. probably been sent to key party people. Calcutta, 12 Apr 51, C-material documentary), several newspapers, some of which have a Communication of India in November 1951.	the the CPI has issued a all CPI members as eduled for November 1951. must be started in areas lists. All news regard- the CPI's unbanned newspaper owned by Seth The note has COMMENT: Dalmia owns st bias. It has been

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PHILIPPINES: Chinese Deportations Restricted by Chinese Nationalist nGn Government, Philippine Government attempts to deport Chinese for engaging in subversive or blackmarket activities are being resisted by conditions set forth by the Chinese Government on Taiwan. According to a Taipei news despatch, the Chinese Government will accept only Chinese "Communists" who entered the Philippines illegally or those Chinese sought by Taipei authorities. President Quirino and Foreign Secretary Romulo are maintaining a "tight silence" concerning these restrictions, but informed sources state the Government may have to establish a concentration camp for "undesirable" Chinese who cannot be deported to Taiwan. Meanwhile, the Philippine Government is continuing a series of raids and arrests which have had the Chinese community astir since 1 May. (R FBID, 4 May 1951). COMMENT: There have been previous hints that the Government might establish concentration camps for illegal Chinese entrants, as well as for those suspected of subversion or evading price control and other trade restrictions. In conjuntion with the raids on the Chinese community, Philippine officials have been utilizing the anti-subversion campaign to extort money from the Chinese community.

CHINA. Alleged Sino-Viet Minh Friction. A Taipei radiogram of 4 May states that LIU Po-ch eng, who reportedly has the responsibility of supplying aid to the Viet Minh forces, has engaged in a "squabble with the Viet Minh authorities" who protested to Peiping and received MAO Tse-tung's promise to transfer LIU to the Korean front. (U Taipei, 4 May 51). COMMENT: Indications of Sino-Viet Minh disagreements have been frequently reported with little or no correboration, though friction has undoubtedly manifested itself in respect to the generally acknowledged antipathy between the peoples of the two countries. There have been hundreds of reports over the past three years alleging the imminent replacement of one or another of the Chinese Communist leaders none of which has been confirmed. An April rumor had LIU replacing CHU Teh as C-in-C. During the past several months, General CH'EN Keng has been credited with greater immediate responsibility for aiding the Viet Minh than LIU.

**Rorea. Communist Prisoners Report General Enemy Withdrawal. Prisoners taken recently in the western and central sectors report that elements of the Chinese Communist 12th, 15th, 20th, 27th, and 60th Armies withdrew northwards on the night of 29-30 April. This action, reportedly, was due to heavy losses and failure to receive necessary supplies. Another report of enemy withdrawals was received from agents of the 6th ROK Division, in the central sector, who reported the northward movement of 28,000

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Chinese Communists east of Chunchon on the night of 30 April-1 May. This sector was last occupied by the Chinese Communist 40th Army.

COMMENT: The lack of contact with the enemy during the past 3 days in the western and central sector, except for screening forces, lends considerable substance to these reports. Prior to the launching of the enemy's offensive on 22 April, FECOM estimated an enemy logistic build-up sufficient to support a heavy offensive for 10 to 12 days. It seems probable, then, that logistic difficulties are a major factor in the enemy's current lack of aggressiveness.

Takeo, Director General of the Maritime Safety Board, has tendered his resignation to the Minister of Transportation, holding himself responsible for the recently uncovered bribery scandal among officials of his Board. (R FBIS, 4 May 51). COMMENT: This is the first report on corruption within the ranks of the Maritime Safety Board which functions as a Japanese Coast Guard. OKUBO, himself, is alleged to have accepted "contributions" in order to recoup the traveling expenses of his recent trip to the U.S. While the scandals unearthed to date have consisted of bribes for construction contracts, the question arises as to whether Maritime Safety Board personnel may not have been equally susceptible to bribes offered for everlooking smuggling or Communist penetration activity.

TOP SECRET

SECTION 3 (WESTERN)

nCu. AUSTRIA. Comments on Austria's Presidential Election. Austria's presidential election on Sunday 6 May should reveal any trend that may exist among voters toward the Socialist Party or People's Party. In the last national elections (1949), the former received 39% of the vote and the latter 44%. The People's Party candidate for the office of president, which confers little power on its occupant, is Heinrich Gleissner, governor of Upper Austria. He is regarded as having an edge in the voting, although Socialist Theodor Koerner, mayor of Vienna, will make a strong showing. The two parties have governed Austria in a coalition since 1945, and to avoid national dissension in face of the Soviet occupation, agreed to wage a restrained presidential campaign. The campaign, not as "gentlemanly" as anticipated, had developed no outstanding issues. The Socialists hope that independent rightist candidate Breitner will draw support from the People's Party. The Communists are running a man primarily to check the size of their support among the population (they received 5% of the vote in 1949.) It is likely that no candidate will receive the majority vote required for election, and that a second ballot on the two leaders will be necessary.

GERMANY. Federal Authorities Ban Activist Units of Neo-Nazi Party. West German Federal Government officials, concerned over the prospects of the neo-Nazi Socialist Reich Party (SRP) in the Lower Saxony election scheduled for Sunday, have banned SRP activist formations such as the Reichsfront "goon-squads" that guard party meetings. This action will not, however, affect SRP candidates in the Lower Saxony election. The Government will await the establishment of the Federal Constitutional Court, after which it will ask the court to declare the SRP unconstitutional. (U FBIS, 4 May 51). COMMENT: The SRP has waged a noisy campaign in Lower Saxony, and local observers feel that it may emerge Sunday as the third strongest party, with about 10% of the vote. While the Federal Minister of Interior ravored an outright ban of the party prior to the election he may well have been dissuaded by Unancellor Adenauer, who reportedly believes that evidence of illegal acts is required before the SRP can be banned.

BELGIUM. Labor Unrest Subsides. Despite a recent report of the Belgian Security Police that the Belgian Government expects "serious strikes and unrest" culminating in its overthrow in the near future, recent wage increases granted workers in important industries not covered in the initial round of wage increases following the sharp rise in the retail price index have quieted labor unrest. Strike

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threats in vital industries are not anticipated unless the retail price index should rise again. The Embassy comments that labor unrest has economic rather than political roots. Only in the case the Government and employers are unwilling to compromise on labor's demands will serious strikes brook out and the Comment

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27 Apr 51). COMMENT: The Belgian Government probably will continue to take all necessary steps to meet labor's demands in the event of a sharp rise in prices, in order to remain in power until Baudouin ascends the throne in September.

иВи ITALY. Communist Cells Continue to Function Within the Government Ministries. One of the tasks of the Information Service Branch of the Communist (PCI) para-military organization (apparato) is to gather information on the activities of the Government Ministries and other offices. At least one cell is believed to be located in each Ministry (the Defense Ministry reportedly has 4) for the purpose of spreading anti-US and anti-war propaganda and obtaining information for use by the PCI in its campaign against the Government. Reports of the Information Service Branch are allegedly transmitted directly to PCI leaders Secchia and Longo and to the Soviet Embassy in Rome. B(?)-3, 26 Apr)1). OURMENT: According to Government officials, the upper echelons of the various Ministries have been effectively purged of Communists and Communist sympathizers. It is known, however, that such elements continue to exist on a lower level. view of the recent intensification of the Communist peace campaign designed to exploit neutralist sentiment in the country and to obstruct Italian rearmament, an increase in the activities of these

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cells may be expected. Constant vigilance on the part of the Government will be necessary to prevent such activities from achieving any considerable success.

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SPAIN. Further Speculation Regarding Possible Cabinet Changes. close to Labor Minister Giron reports that on 20 April Franco informed Minister of Industry and Commerce Suances that, while he personally supported Suances! policies, popular pressure forced his replacement as Minister. Jose Maria Areilza, one of the Falangist "brain-trusters" of the regime and former ambassador to Argentina, is rumored to be Suances' successor. According to the same source Franco then told General Yague that one of the two Catholic Action "representatives" in the Cabinet (Foreign Minister Martin Artajo and Education Minister Ibanez Martin) would be replaced and that Finance Minister Benjumea and Suances would both be removed. The Finance post reportedly would be offered to Jose Larraz who held it from 1939 to 1941. Franco also offered Yague the post of Secretary-General of the Falange, previously refused by Giron.

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Ing bringing new blood into his Cabinet in an effort to strengthen his position in the present crisis. His efforts in this direction will probably be stymied, as they were in similar situations in recent years, by the fact that really capable or influential men, such as Jose Larraz, will enter the Government only under conditions which would undermine the policies and structure of the regime. This is the first time, however, that Franco has been reported as planning to remove Suances who, as the symbol of rigid economic control and national industrial self-sufficiency, has been increasingly under fire. His replacement by Areilza would not presage any basic change in the Government's economic policies.

ARGENTIMA. Date of Presidential Elections May Be Advanced. Embassy Buenos Aires has reported that the Argentine presidential "elections may be held this year." (C Buenos Aires 966, 4 May 51). COMMENT: This is the first indication from any source that the date for the presidential elections may be advanced. The 1949 Constitution provides that "the election shall be held three months before the end of the term of the President in office". Peron's six year term expires in June 1952.

nCn CHILE. President Urges Fixing of Date for Increase in Copper Price. President Gonzalez Videla pointed out to the US Ambassador that the pending US-Chilean agreement on copper fails to designate the date when the increase in the price of copper becomes effective. On Tuesday, Foreign Minister Walker goes before Congress on the agreement and at that time the President will make a speech. The President thinks it would be "most helpful and of great political value" if both could say the increase in price begins with the next shipment. US Ambassador Bowers staved that it would be "good since it would head off political opposition". (C Santiago 500, 4 May 51). COLMENT: Opposition to President Gonzalez administration has been stepped up in the past year. Communists and non-Communist opposition elements have been awaiting the chance to flaunt any "submission to Yankee influence" in connection with the copper agreement on the part of the administration.

**B" CURA. Communist Subversive Documents Seized. It is reported that the SIM (Cuba's Military Intelligence Service comparable to the FBI in the US) raided the Communist Youth Headquarters in Habana, previously reported to have accumulated a mass of propaganda documents for use against the democracies. The SIM confiscated a vast collection of subversive documents, practically all of which had been printed in Czechoslovakia, and contain detailed instructions on procedures for sabotaging public utility, transportation and communication facilities as well as for burning the cane fields. Also

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confiscated were diagrams for locating all main aqueducts under water cables, and stores of sugar. COMMENT: The Communist Youth group, Juventud Socialista (JS) with 15,000 members, is under the direction of Cuba's Communist Partido Socialista Popular and responds to the ideological aims of that party. The directors of the JS are militant Communists, many of whom have been political candidates for various government offices. Its outstanding leader, Flavio Bravo Pardo, has recently returned from Russia, China, and North Korea where, it is reported, he received a course in guerrilla warfare and sabotage training. The most important function of the JS at present is its activities in support of the Peace Partisan's movement. Although this raid by the SIM indicates the assumption of more energetic opposition measures by the government, the present administration's anti-Communist attitude probably will not affect materially the unity of the JS since its members are proven militant Communist youths.

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DAILY DIGEST SUPPLEMENT

MAY 5 1951

Not for dissemination outside O/CI and O/NE.

OFFICE OF CHRENT INTELLIGENCE 5 May 1951 DEPUTY FOREIGN MINISTERS CONFERENCE Soviet Reply to Western Agenda Hits Points of Possible Western Divergence. Soviet delegate Gronyko on 4 May agreed to accept the first of the three Western drafts of an agenda for a Foreign Ministers' Conference submitted on 2 May, but made his acceptance conditional upon substitution of the Soviet phraseology on the armaments item. A British spokesman told reporters Gronyko's proposal was "a barefaced piece of impudence," and the Western delegates are now reported to have rejected the Soviet offer. Earlier on 4 May at a discussion among the Western delegates of possible procedure in case the Western proposals were not accepted, the UK delegate shied away from any discussion of a direct approach to the Soviet Government in Moscow as suggested by the US. US delegate Jessup has expressed his anxiety that in a further prolonging of the Paris talks the Western position might not be main- tained, particularly in light of the British attitude. He cites in support of this view previous UK proposals on the armaments item that in the US view constituted "virtual acceptance of the Soviet position." A May 51; U MYTIMES, 5 May 51; R FBIS, 5 May 51). COMMENT: Though publicly maintaining an emphatically anti-Soviet stand and in the negotiations ultimately agreeing to the general US position, the UK delegation has often privately stressed its desire to secure a completely agreed agenda for a full Foreign Ministers' meeting, even at the cost of considerable concessions to the Soviet wording. (See O/CI Daily Migest, 20 Apr 51).	<i>;</i>	
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TRAN. Prime Minister Mossadeq's Program. Mossadeq presented his cabinet to the Majlis on 3 May and stated that his government did not believe it necessary to present an elaborate program to the Majlis. He proposed, however, to enforce the cil nationalization law, and to use the proceeds to support the government's economic policy of "promoting the welfare and comfort of the people", and to amend the municipal and parliamentary election laws. Both of these points are consistent with Mossadeq's avowed political convictions. As yet, however, there is no evidence as to the method by which Mossadeq plans to implement nationalization. Meanwhile the Saha has told the British that he will not oppose Mossadeo but doubts that he will be Prime Minister for long.

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